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BEFORE THE ARIZONA CORPORATION COMMISSION

BOB STUMP

Chairman

GARY PIERCE

Commissioner

BRENDA BURNS

Commissioner

BOB BURNS

Commissioner

SUSAN BITTER SMITH

Commissioner

Arizona Corporation Commission

DOCKETED

DEC 18 2014

DOCKETED BY

IN THE MATTER OF THE NOTICE OF
PROPOSED ORDER WITH
AMENDMENTS TO THE ARIZONA
UNIVERSAL SERVICE FUND.

DOCKET NO. RT-00000H-97-0137

DECISION NO. 74848

ORDER

Open Meeting
December 11 and 12, 2014
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. On September 22, 1989, the Commission established the Arizona Universal Service Fund ("AUSF") in Decision No. 56639. The AUSF was established to maintain statewide average rates and the availability of basic telephone service to the greatest extent reasonably possible. The Commission entered into an agreement for professional services with Solix, Inc. (formerly the National Exchange Carriers Association) to administer the AUSF.

2. One half of the AUSF funding requirement is collected through a surcharge paid by providers of basic local exchange service, wireless service, paging service and other Commercial Mobile Radio Service providers that interconnect with the public switched network. These entities are known as Category One providers. The second half of the AUSF funding requirement is collected from providers of intrastate toll service. These entities are known as Category Two providers.

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1 3. In order for a utility to receive AUSF support, that funding must be authorized by the
2 Commission in a rate case. Citizens Telecommunications Company of the White Mountains, Inc.
3 (“Citizens”) (formerly Contel of the West, Inc.) is receiving AUSF money in the amount of \$769,620
4 annually per Decision No. 56657, dated October 10, 1989.

5 4. Solix has requested and received data from all Arizona telecommunications providers
6 for use in calculating the surcharges that would be applied to all telecommunications providers in
7 2015. From this data, Solix has calculated the year 2015 monthly surcharge for Category One
8 providers to be \$0.011221 per access line and \$0.112215 per interconnecting trunk line. The current
9 monthly surcharge for Category One providers is \$0.010769 per access line and \$0.107694 per
10 interconnecting trunk line.

11 5. For Category Two providers, the year 2015 monthly surcharge would be 0.3468
12 percent of intrastate toll revenues. For Category Two providers, the current monthly surcharge is
13 0.3458 percent of the intrastate toll revenues.

14 6. The collection of these amounts over the year 2015 will generate sufficient funds to
15 cover the amount of the AUSF distributions that Citizens has been authorized to receive. As of
16 December 31, 2014, AUSF is expected to have a fund balance of \$241,600. The recommended
17 surcharges and monthly contributions are projected to increase the end of year 2015 fund balance to
18 approximately \$241,660.

19 7. Since Citizens has been receiving this distribution from the AUSF since 1989,
20 Citizens should be required to file a report within 60 days of the effective date of this Order which
21 demonstrates why receipt of these funds by the Company is still necessary and why Citizens should
22 not be required to file a rate case so that its rates and the continued need for AUSF can be examined
23 again.

24 8. Staff had reviewed the proposed year 2015 monthly surcharges and has found them to
25 be just, reasonable, and in the public interest. Staff does not believe the proposed 2015 monthly
26 surcharges will contribute to a fund balance that is higher than necessary.

27 9. Staff therefore recommends approval of the year 2015 monthly AUSF surcharges for
28 service provided on and subsequent to January 1, 2015.

10. In an effort to improve reporting efficiencies and reduce reporting errors, Staff recommends that all carriers that fund the AUSF be required to file the information that they are required to provide to Solix through an online reporting system. Solix provides an online reporting system, Universal Solutions Platform ("USP"), for all reporting carriers. USP is a web-based interface that allows carriers or third-party reporting agencies 24 hour by 7 day access for required reporting. The system includes numerous automated checks for accuracy, pre-populates provider-specific data onto reporting forms, accepts only fully completed worksheets, and automates all worksheet calculations. According to Solix, mandatory online filing would help prevent unnecessary rework for both the carriers and Solix. For example, unsigned manual forms must be resubmitted while online submission requires approval by a responsible party for the carrier at the time of filing thereby eliminating resubmission of the required forms.

CONCLUSIONS OF LAW

1. The Commission has jurisdiction over the Arizona Universal Service Fund and matters pertaining to the fund.

2. The Commission's Arizona Universal Service Fund Rules, A.A.C. R14-2-1201 through R14-2-1217, provide for the surcharges adopted herein.

3. The 2015 surcharges for Category One and Category Two providers meet the requirements of the AUSF rules and are just and reasonable.

ORDER

IT IS THEREFORE ORDERED that the year 2015 monthly Arizona Universal Service Fund surcharge for Category One providers shall be \$0.011221 per access line and \$0.112215 per interconnecting trunk line.

IT IS FURTHER ORDERED that the year 2015 monthly Arizona Universal Service Fund surcharge for Category Two providers is 0.3468 percent of intrastate toll revenues.

IT IS FURTHER ORDERED that the year 2015 monthly Arizona Universal Service Fund surcharges become effective for services provided on and subsequent to January 1, 2015.

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IT IS FURTHER ORDERED that all carriers that fund the Arizona Universal Service Fund shall file the information they are required to provide to Solix through its Universal Solutions Platform online reporting service.

IT IS FURTHER ORDERED THAT Citizens Telecommunications Company of the White Mountains, Inc. shall file a report within 60 days from the effective date of this Order which demonstrates why receipt of these AUSF funds is still necessary and why it should not be required to file a rate case so that its rates and the continued need for AUSF can be examined again.

IT IS FURTHER ORDERED that this Decision shall become effective immediately.

BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION

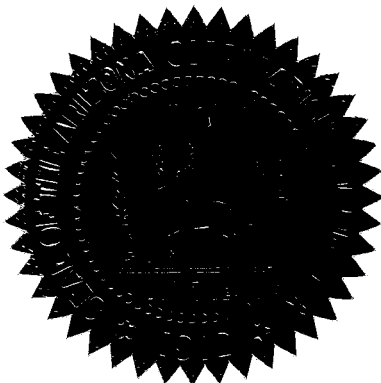

CHAIRMAN


COMMISSIONER


COMMISSIONER


COMMISSIONER


COMMISSIONER



IN WITNESS WHEREOF, I, JODI JERICH, Executive Director of the Arizona Corporation Commission, have hereunto, set my hand and caused the official seal of this Commission to be affixed at the Capitol, in the City of Phoenix, this 18th day of December, 2014.


JODI JERICH
EXECUTIVE DIRECTOR

DISSENT: _____

DISSENT: _____

SMO:CLA:sms\MAS

SERVICE LIST FOR: ARIZONA UNIVERSAL SERVICE FUND
DOCKET NO.: RT-00000A-97-0137

Copy of the foregoing mailed this date to the Service List in
Docket Number RT-00000A-97-0137